

Michael J. Gearin, WSBA # 20982  
David C. Neu, WSBA # 33143  
Brian T. Peterson, WSBA # 42088  
K&L GATES LLP  
925 Fourth Avenue, Suite 2900  
Seattle, WA 98104-1158  
(206) 623-7580

Honorable Christopher M. Alston  
Chapter 11  
Hearing Location: Seattle, Rm. 7206  
Hearing Date: Friday, December 16, 2016  
Hearing Time: 9:30 a.m.  
Response Date: December 9, 2016

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

In re:

Case No. 16-11767-CMA

## NORTHWEST TERRITORIAL MINT, LLC,

## Debtor.

## DECLARATION OF MA

**DECLARATION OF MARK CALVERT  
IN SUPPORT OF MOTION FOR ORDER  
AUTHORIZING TRUSTEE TO ASSUME  
AND REJECT CERTAIN UNEXPIRED  
LEASES OF NONRESIDENTIAL REAL  
PROPERTY AND ENTER INTO NEW  
LEASE FOR GREEN BAY, WISCONSIN**

I, Mark Calvert, hereby declare as follows:

1. I am the Chapter 11 Trustee (“Trustee”) of the Debtor, Northwest Territorial Mint, LLC (“Debtor” or “NWTM”). I submit this declaration in support of Trustee’s Motion for Order Authorizing Trustee to Assume and Reject Certain Unexpired Leases of Nonresidential Real Property and Enter into New Lease for Green Bay, Wisconsin (the “Motion”). I am competent in all ways to testify and unless otherwise stated I make the following statements based on my personal knowledge.

2. On April 1, 2016, the Debtor commenced this case by filing a voluntary petition under chapter 11 of the United States Bankruptcy Code. On April 11, 2016, the Court entered an order appointing me as chapter 11 Trustee. *See* Dkt. No. 51.

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1       3. While the corporate headquarters for the Debtor is located in Kent, Washington, the  
2 Debtor operates in multiple locations across the country, including a location in Dayton, Nevada.  
3 The Debtor's primary manufacturing facility in Dayton, Nevada, includes a 118,000-square foot  
4 minting facility as well as storage vaults. The Dayton facility is critical to the Debtor's minting  
5 operations and the Debtor's business as a whole. I have filed a motion to assume the Debtor's real  
6 property lease for the Dayton facility, which is set for hearing on December 1, 2016.

7       4. Since I was appointed as the Trustee, I have reviewed the Debtor's business records.  
8 Based on my review, the Debtor's records were (i) made by NWTM at or near the time of the dates  
9 described therein, (ii) kept in the ordinary course of business of NWTM, and (iii) made as a regular  
10 practice of NWTM.

11      5. Since my appointment, I have worked to restructure the business operations of the  
12 estate in order to preserve the going concern value of the business. At the time of the filing of the  
13 bankruptcy petition, there were seven (7) nonresidential real property leases related to NWTM's  
14 business operations with premises located in Green Bay, WI; Honolulu, HI; Dayton, NV; Tomball,  
15 TX; Federal Way, WA; Auburn, WA; and Springfield, Virginia.

16      6. On June 2, 2016 the Court entered an order approving the sale of the Debtor's  
17 Tomball, Texas assets free and clear of liens. *See* Dkt. No. 374. Upon closing of that sale, I  
18 obtained approval of the Court to reject the Tomball, Texas lease effective as of July 31, 2016. I  
19 also sought and obtained approval from the Court to reject the Federal Way lease and to enter into a  
20 new lease in Kent, WA to house the corporate offices of the company. *See* Dkt. No. 596.

21      7. On July 20, 2016 the Court entered an order granting the Trustee's motion for an  
22 extension of time to assume or reject unexpired leases of nonresidential real property. *See* Dkt.  
23 No. 530. The deadline for filing motions to assume the unexpired leases of nonresidential real  
24 property under the extension order is October 28, 2016.

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1       8. I filed a motion to assume the Dayton, Nevada Lease on September 27, 2016 which  
2 is presently set for hearing on December 1, 2016. The Honolulu, Hawaii lease was a lease for a  
3 three year term commencing December 2009. The lease converted to a month to month lease in  
4 December 2012. I have closed business operations in Hawaii and moved out of the Honolulu  
5 premises. The Hawaii lease has terminated under its own terms.

6       9. The Motion concerns the remaining three (3) real property leases for the Debtor's  
7 locations in Green Bay, Wisconsin, Auburn, Washington, and Springfield, Virginia. These three  
8 real property leases have the following common addresses: 1718 Velp Avenue, Suite 1E, Green  
9 Bay, Wisconsin 54303; 550 3rd Street, Building B, Auburn, Washington 98001; and 6564 Loisdale  
10 Court, Suite 318, Springfield, Virginia 22150. Attached hereto as Exhibit A is a copy of the real  
11 property lease for the Debtor's facility in Wisconsin (the "Green Bay Lease"). Attached hereto as  
12 Exhibit B is a copy of the real property lease for the Debtor's facility in Auburn, Washington (the  
13 "Auburn Lease"). Attached hereto as Exhibit C is a copy of the real property lease for the Debtor's  
14 facility in Springfield, Virginia (the "Springfield Lease").

15      10. There are a number of skilled employees who work at the Wisconsin facility cutting  
16 and sculpting dies for the Debtor. The Debtor's Springfield, VA, location houses a small staff who  
17 manages the sales at the Pentagon and logistics for certain customers on the East Coast. The  
18 Debtor's Auburn, Washington, facility is the Debtor's principal home for pick, pack, storage, and  
19 shipping operations.

20      11. The Green Bay Lease was entered into for a term of eighteen months in 2010 and  
21 converted to month-to-month. I have negotiated for a new lease on the Green Bay, Wisconsin  
22 premises on terms more favorable to the estate. By the Motion, I request authority from the Court  
23 to enter into the new lease, effective December 1, 2016, for Green Bay, Wisconsin on terms  
24 described in the letter of intent which is attached hereto as Exhibit D. The proposed revised lease

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1 agreement has a three-year term and reduces the amount of space leased by the estate. The estate's  
2 monthly rental obligation will be reduced from \$2,230 per month, to \$950 per month in year 1,  
3 \$975 per month in year 2, and \$1,000 per month in year 3. I intend to remain in possession of the  
4 Green Bay premises under the provisions of the existing month to month lease until the Court  
5 approves the new lease. I seek authority to assume the existing month-to-month lease for the period  
6 through the effectiveness of the new Green Bay Lease. The Green Bay location houses a die  
7 manufacturing operation and a team of skilled employees that are necessary to meet the needs of  
8 our customers who order custom coins and medallions.

9       12. The Springfield Lease was executed in November 2015 and is for a term of thirty-  
10 nine months. I request that the Court allow me to reject the Springfield, Virginia Lease effective  
11 November 30, 2016. The Springfield real property space is more than the Debtor currently needs.  
12 The Debtor's operations in Springfield will be moved to the home of one of the Debtor's  
13 salespersons. This arrangement will be more cost-effective for the Debtor.

14       13. The Auburn Lease was originally executed on November 2, 2006. The term of the  
15 lease was extended in August, 2014, for five years so that it now is set to expire on July 31, 2019.  
16 The Auburn facility is presently the location of the primary packing and shipping operations of the  
17 company. In addition, the Debtor conducts limited manufacturing operations. It is necessary and  
18 beneficial to the estate for me to assume the Auburn Lease as the Debtor does not presently have  
19 the ability to conduct picking and packing in another location as efficiently. The Trustee is current  
20 on all obligations under the Auburn Lease and is unaware of any defaults under the Auburn Lease  
21 that would need to be cured as a condition to the Trustee's assumption.

22       //

23       //

24       //

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I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge.

EXECUTED this 27th day of October, 2016, at Seattle, Washington.

/s/ Mark Calvert

Mark Calvert

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## **CERTIFICATE OF SERVICE**

The undersigned declares as follows:

That she is a Paralegal in the law firm of K&L Gates LLP, and on October 28, 2016, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

Also on October 28, 2016, she caused the foregoing document to be mailed to the Parties at the addresses listed below:

Northwest Territorial Mint LLC  
c/o Ross Hansen, Member  
P.O. Box 2148  
Auburn, WA 98071-2148

ARC Management  
8150 Leesburg Pike, Suite 1100  
Vienna, VA 22182-7730  
*(via Certified Mail, Return Receipt Requested)*

Port City Centre, LLC  
PO Box 12206  
Green Bay, WI 54307  
*(via Certified Mail, Return Receipt Requested)*

Humphrey Industries LTD.  
c/o Mr. George Humphrey  
PO Box 19252  
Seattle, WA 98109  
*(via Certified Mail, Return Receipt Requested)*

Humphrey Industries LTD.  
c/o Mary Jo Heston  
Lane Powell PC  
PO Box 91302  
Seattle, WA 98111

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on the 28th day of October, 2016 at Seattle, Washington.

/s/ *Denise A. Evans*  
Denise A. Evans

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